Government of Saskatchewan

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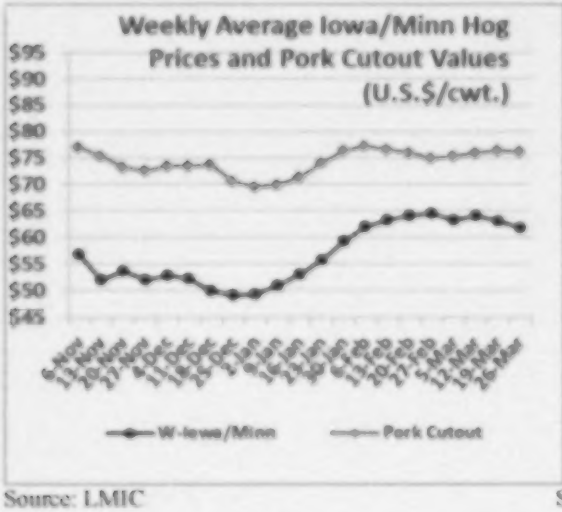
Weekly Hog Report

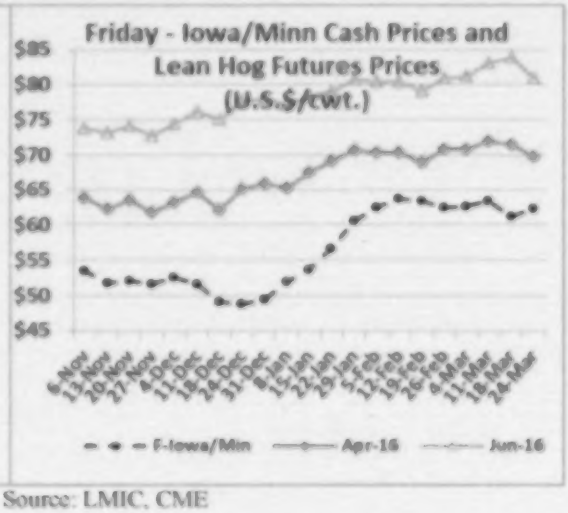
March 28, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were overall steady last week edging higher over the week to end Thursday higher, week-over-week. Hog prices on Thursday March 24 averaged US$62.26 per cwt, up US$1.12 per cwt or 1.8 per cent from US$61.14 per cwt the previous Friday. The negotiated base price last week averaged US$61.83 per cwt, down US$1.08 per cwt or 1.7 per cent from US$62.91 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

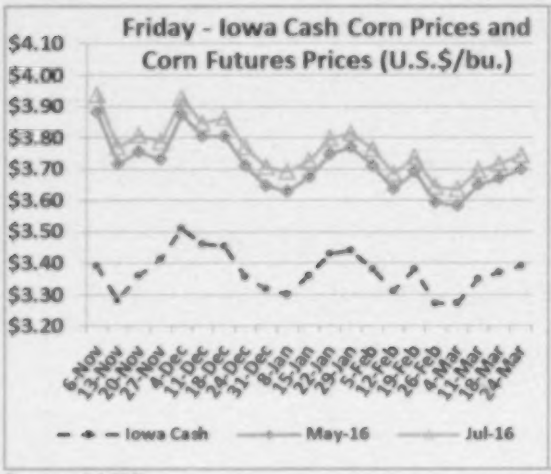
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Thursday March 24, 2016 was $148.47 per ckg, up slightly from $148.27 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $148.22 per ckg, down $4.47 per ckg or 2.9 per cent from the previous weeks' average price of $152.69 per ckg. The Canadian dollar pulled back last week from the recent rally and closed Thursday at 75.53 cents, down 1.17 cents from 76.70 the previous Friday.

Futures Markets

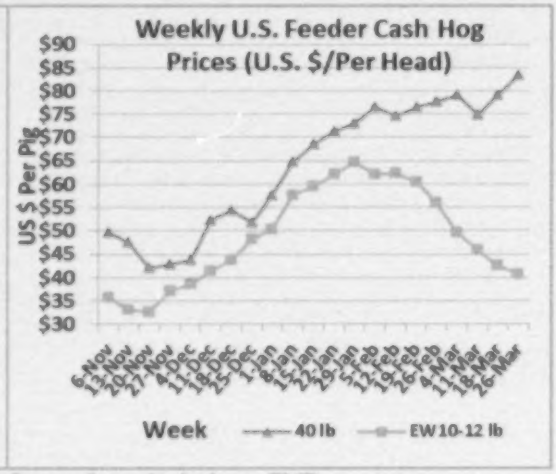
United States lean hog futures daily prices were mixed over the week down Monday and Thursday to end the week lower, week-over-week. The nearby April 2016 contract declined US$1.825 per cwt last week to settle Thursday at US$69.625 per cwt, while the June 2016 contract declined US$3.050 per cwt to settle Thursday at US$80.850 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were again mixed last week with iso-wean prices lower. Weighted average cash prices for iso-weans (12lb) last week were US$40.65 per head, down US$2.01 per head from US$42.66 per head the previous week. Feeders (40lb) were US$83.26 per head, up $4.25 per head from US$79.01 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices again edged higher last week. Iowa cash corn prices increased two cents to settle Thursday at US$3.39 per bushel. U.S. daily corn futures prices were mixed over the week but overall higher to end the week higher, week-over-week. The May 2016 corn contract increased three cents per bushel to settle Thursday at US$3.70 per bushel, while the July 2016 contract increased almost three cents to settle Thursday at US$3.74½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending March 26 were estimated 2.178 million head, down 0.4 per cent from 2.187 million head the previous week, and down 4.4 per cent from 2.279 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending March 26 averaged 2.206 million head per week, down 1.5 per cent from 2.239 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending March 19, 2016 were estimated at 423,778 head, down 0.9 per cent from 427,489 head the previous week, but up 3.2 per cent from 410,807 head the same week a year ago. Canadian hog slaughter numbers over the four weeks averaged 416,116 head, up 1.7 per cent from 409,303 head over the same period in 2015. Year-to-date, hogs slaughtered in Canada in 2016 have totaled 4,673,959 head, up 3.9 per cent from the same period in 2015.

Meat Production

U.S. pork production for the week ending March 26, 2016 was estimated at 463.0 million lb., down 0.4 per cent from 465.0 million lb. the previous week, and down 5.0 per cent from 487.4 million lb. the same week a year ago. Pork production over the last four week's ending March 26 was estimated to average 469.2 million lb., down 2.0 per cent from 478.9 million lb. over the same four week period a year ago.

U.S. beef production for the week ending March 26 was estimated at 453.2 million lb., up 0.8 per cent from 449.5 million lb. the previous week, and up 3.3 per cent from 438.7 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending March 19, 2016, was estimated to average 2.012 billion lb., up 2.0 per cent from 1.972 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up about 2.2 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Mar. 19) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	478.1	470.8	-1.5%	0.2%
Beef	429.9	448.1	4.2%	3.1%
Chicken	933.3	966.9	3.6%	3.2%
Turkey	131.2	126.0	-3.9%	-1.5%
Total	**1,972.4**	**2,011.7**	**1.99%**	**2.15%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending March 26, 2016 averaged US$76.20 per cwt, down slightly from US$76.30 per cwt the previous week, but up 13.7 per cent from US$67.02 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending March 26, 2016 averaged US$226.62 per cwt, down 2.2 per cent from US$231.77 per cwt the previous week, and down 9.0 per cent from US$248.92 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending March 26, 2016 averaged US$114.46 per cwt, up 5.8 per cent from US$108.15 per cwt the previous week, but down 22.8 per cent from US$148.28 per cwt the same week a year ago.

USDA Hogs and Pigs Report

USDA released the March *Hogs and Pigs Report* on March 25, 2015. Total U.S. hog inventory numbers as of March 1, 2016, was estimated at 67.644 million head, up 0.4 per cent from 67.399 million head on March 1, 2015, but down 1.1 per cent from 68.389 million head as of December 1, 2015. The total annual inventory increase of 0.4 per cent was slightly higher than the average 0.3 per cent increase estimated by the trade analysts. The December 2015 hog inventory numbers were revised slightly higher from the December USDA estimates with increases primarily to market hog inventory numbers in the 120-179 lb. weight category.

Breeding herd inventory numbers in the United States as of March 1, 2016, was estimated at 5.980 million head, down slightly from 5.982 million head on March 1, 2015, and down 0.4 per cent from 6.002 million head on December 1, 2015. Trade analysts had estimated for a 0.6 per cent increase in the breeding herd, year-over-year.

Market herd inventory numbers in the United States as of March 1, 2016, was estimated at 61.664 million head, up 0.4 per cent from 61.418 million head on March 1, 2015, but down 1.2 per cent from 62.387 million head from December 1, 2015. Trade analysts were estimating market inventory numbers to increase by 0.3 per cent year-over-year; slightly less than the 0.4 per cent reported by USDA. The largest annual increase was in the 120 to 179 lb. weight category which increased 1.2 per cent from March 1, 2015.

United States Hog Inventory Numbers, (1,000 head)

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Dec.-Mar.	Y/Y(Mar.)
All Hogs & Pigs	65,979	67,776	67,399	67,165	69,185	68,389	67,644	**-1.09%**	**0.36%**
Kept for breeding	5,920	5,939	5,982	5,926	5,986	6,002	5,980	**-0.37%**	**-0.03%**
Market	60,059	61,838	61,418	61,240	63,200	62,387	61,664	**-1.16%**	**0.40%**
Market Hogs									
Under 50 lbs	20,390	19,801	19,454	19,365	20,741	19,508	19,382	**-0.65%**	**-0.37%**
50-119 lbs	17,458	17,366	17,129	17,461	18,496	17,282	17,263	**-0.11%**	**0.78%**
120-179 lbs	12,112	13,000	13,580	12,985	12,855	13,340	13,744	**3.03%**	**1.21%**
180 lbs & Over	10,098	11,671	11,255	11,429	11,108	12,256	11,274	**-8.01%**	**0.17%**

Source: March 25, 2016 USDA Hogs & Pigs Report

Sow farrowing numbers for the December-to-February 2016 period totaled 2.873 million head, a 0.8 per cent decline from 2.895 million head the same quarter a year ago, but 1.2 per cent above the prior USDA estimates in December. Trade analysts were estimating a larger decline of 1.7 per cwt for the December-to-February 2016 farrowing period.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	**2014**	**2015**	**2016**	**2014**	**2015**	**2016**
Dec - Feb (1)	2,763	2,895	2,873	26,326	29,627	29,582
Mar - May	2,810	2,854	2,839 (2)	27,495	29,593	
June - Aug	2,991	2,945	2,912 (2)	30,402	31,343	
Sept - Nov	2,994	2,875		30,633	30,271	
TOTAL	**11,558**	**11,569**		**114,856**	**120,834**	

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, March 25, 2016.

USDA reported farrowing intentions for the March-to-May 2016 period at 2.839 million head, a decline of 0.5 per cent from 2.854 million head the same quarter a year ago. The reported USDA June-to-August 2016 farrowing intentions were estimated at 2.912 million head, a 1.1 per cent decline from 2.945 million head the same quarter a year ago. Trade analysts were estimating a slight increase of 0.1 per cent in farrowing numbers for the second quarter of 2016 and a 0.3 per cent increase in farrowing numbers for the third quarter of 2016, both higher than USDA estimated numbers.

USDA estimated the December-to-February 2016 pig crop at 29.582 million head, a slight decline from the same quarter in 2015, and better than the slight increase estimated by the trade analysts.

While year-over-year market inventory numbers were slightly higher, inventory overall has declined since December 1, 2015. USDA first quarter 2016 sow farrowing numbers were 0.8 per cent lower than year ago numbers, but almost one per cent higher than trade estimates. USDA estimated pigs born during the first quarter 2016 were slighter below year ago levels while trade estimates had numbers slightly above year ago numbers.

USDA farrowing intentions for the next two quarters were 0.5 per cent (March-to-May) and 1.1 per cent (June-to-Aug.) below year ago numbers; while trade analysts had estimated slight increases for both farrowing numbers. The *USDA Hogs and Pigs Report* numbers were overall mixed compared to trade analyst estimates, but contained small differences. The *USDA Hogs and Pigs Report* will likely be viewed as neutral to slightly positive by the market as future farrowing intentions were lower over the next two quarters.

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